(c) whether it is also a fact that it has been realized that power sector can grow only through public-private partnership; and

(d) if so, the steps being taken in this regard?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) The Ministry of Power through Power Finance Corporation has taken an initiative for facilitating the development of a few coal based 4,000 MW Ultra Mega Power Projects (UMPP) under tariff based competitive biding route through project specific shell companies. Central Electricity Authority has identified 7 pit head/coastal sites. Likely timeline for selection of successful bidders in respect of two of these projects *viz.* Sasan in M.P. and Mundra in Gujarat is set at December, 2006.

(c) and (d) Funds requirements for development of power infrastructure including the increase in generation capacity are huge and there is sufficient scope for both public and private sectors independently or jointly, to participate in the sector. Electricity Act, 2003 and policies framed thereunder, including National Electricity Policy and Tariff Policy provide the enabling environment to realize these investments.

Government stake in captive power Generation

2512. SHRIMATI S.G. INDIRA: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that Government are considering to waive the stipulation for 26 per cent Government stake in companies engaged in captive power generation;

(b) if so, the details thereof; and

(c) whether it is also a fact that Government took a decision that fuel feedstock used in mega projects will be coal?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) There is no stipulation for a 26% Government stake in the companies engaged in captive power generation in the Electricity Rules, 2005 issued by Government of India *vide* notification dated 8.6.2005. Relevant extract is enclosed at Statement (*See* below).

(c) No specific fuel has been specified in the Mega Power Policy. However, the Ultra Mega Power Projects proposed presently are coal based.

Statement

Extracts from the Electricity Rules, 2005

Requirements of Captive Generating Plant:—

(1) No power plant shall qualify as a 'captive generating plant' under section 9 read with clause (8) of section 2 of the Act unless—

(a) in case of a power plant—

(i) not less than twenty six per cent of the ownership is held by the captive user(s), and

(ii) not less than fifty one per cent of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for the captive use;

Provided that in case of power plant set up by registered cooperative society, the conditions mentioned under paragraphs at (i) and (ii) above shall be satisfied collectively by the members of the co-operative society;

Provided further that in case of association of persons, the captive user(s) shall hold not less than twenty six per cent of the ownership of the plant in aggregate and such captive user(s) shall consume not less than fifty one per cent of the electricity generated, determined on an annual basis, in proportion to their shares in ownership of the power plant within a variation not exceeding ten per cent;

(b) in case of a generating station owned by a company formed as special purpose vehicle for such generating station, a unit or units of such generating station identified for captive use and not the entire generating station satisfy the conditions contained in paragraphs (i) and (ii) of sub-clause (a) above including—

Explanation:—

(1) The electricity required to be consumed by captive users shall be determined with reference to such generating unit or units in

aggregate identified for captive use and not with reference to generating station as a whole; and

(2) the equity shares to be held by the captive user(s) in the generating station shall not be less than twenty six per cent of the proportionate of the equity of the company related to the generating unit or units identified as the captive generating plant.

Illustration: In a generating station with two units of 50 MW each namely units A and B, one unit of 50 MW namely Unit A may be identified as the Captive Generating Plant. The captive users shall hold not less than thirteen per cent of the equity shares in the company (being the twenty six per cent proportionate to Unit A of 50 MW) and not less than fifty one per cent of the electricity generated in Unit A determined on an annual basis is to be consumed by the captive users.

(2) It shall be the obligation of the captive users to ensure that the consumption by the captive users at the percentages mentioned in sub-clauses (a) and (b) of sub-rule (1) above is maintained and in case the minimum percentage of captive use is not complied with in any year, the entire electricity generated shall be treated as if it is a supply of electricity by a generating company.

Explanation:- (1) For the purpose of this rule:-

a. "Annual Basis" shall be determined based on a financial year;

b. "Captive User" shall mean the end user of the electricity generated in a Captive Generating Plant and the term "Captive Use" shall be construed accordingly;

c. "Ownership" in relation to a generating station or power plant set up by a company or any other body corporate shall mean the equity share capital with voting rights. In other cases ownership shall mean proprietary interest and control over the generating station or power plant;

d. "Special Purpose Vehicle" shall mean a legal entity owning, operating and maintaining a generating station and with no other business or activity to be engaged in by the legal entity.